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Turkey

Grain and Feed

TMO Procurement Prices for Grains 2002

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Report Highlights:

The Turkish Grain Board (TMO) has announced MY 2002 procurement prices for grains. Most prices were increased by about forty percent in Turkish Lira (TL) terms, which is significantly lower than the rate of inflation during the last twelve months. Prices decreased in US dollars. TMO also announced relatively high selling prices which, combined with low purchasing prices, should encourage farmers to sell their grain directly to mills or private traders.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
Ankara [TU1], TU

The Turkish Grain Board (TMO) announced long awaited procurement prices for grains. Procurement prices were previously announced by the Ministry of Agriculture. Parallel to commitments made to the IMF, the procurement prices, except for oats, were slightly lower in dollar terms than last year's prices. Increases in Turkish Lira varied from about 12 to 49 percent, but for most crops was close to 40 percent, which is significantly lower than inflation rate of 50 percent for the past twelve months. Purchasing price increases were higher for oats and rye (to encourage production and increasing demand) but, significantly lower for barley (reflecting large TMO stocks).

TMO did not announce its payment terms, i.e. cash vs. deferred payments, nor did it announce a schedule of incremental increases in prices for delayed deliveries. Some observers believe that TMO, which failed to export its inventory of barley stocks, will not have sufficient funds to procure substantial quantities of grain this year.

TMO also announced selling prices for the balance of the calendar year. These sales prices, which will be increased by 15 percent before the end of the year, are currently about fifteen percent higher than the newly announced procurement prices. The new procurement prices were announced levels which are very close to current market prices, and thus, did not seem to disrupt the market.

Prior to the harvest, limited quantities of grains were trading at the commodity exchanges. On June 10, 2002, Anatolian hard red milling wheat was selling at around TL 236,000 at Eskisehir (only 12 MT), TL 285,000 at Konya (only 5 MT), and TL 266,000 at Polatli (only 14 MT). These prices declined slightly after the harvest in the Cukurova and the Southeastern Anatolia Regions and, as a result, wheat started to be transported to markets.

Industry sources expect that millers and traders will procure most of their needs directly from the open market and, TMO will not end purchasing large quantities. Farmers may also prefer to sell to the private sector, to avoid potential problems with delayed TMO payments.

Base prices for MY 2002 in TL and in USD, compared to base prices for MY 2001 are provided in the following table:.

Commodity	Base Price 2002 (TL)	Base Price 2001 (TL)	Change (%)	Base Price 2002 (\$)/1/	Base Price 2001 (\$)/1/	Change (%)
Anatolian Durum Wheat	259,900	188,600	37.8	162	171	- 5.3
Other Durum Wheat	241,500	172,200	40.2	151	157	- 3.8
Low Quality Durum	211,600	n.a.	n.a.	132	n.a.	n.a.
Anatolian Hard White Wheat	230,000	164,000	40.2	144	149	- 3.4
Anatolian Hard Red Wheat	230,000	164,000	40.2	144	149	- 3.4
Semi Hard White Wheat	211,600	147,600	43.3	132	134	- 1.5
Semi Hard Red Wheat	211,600	147,600	43.3	132	134	- 1.5
Other Wheat (White or Red)	188,600	131,200	43.7	118	119	- 0.8
Feed Wheat	174,800	n.a.	n.a.	109	n.a.	n.a.
White Barley	149,500	131,200	13.9	93	119	- 21.8
Black or Blue Barley	138,000	123,000	12.2	86	112	- 23.2
Rye	167,900	123,000	36.5	105	112	- 6.3
Oaths	184,000	123,000	49.6	115	112	2.7
Low Quality Barley, Rye or Oaths	126,500	n.a.	n.a.	79	n.a.	n.a.
Corn	218,500	155,800	40.2	137	142	- 3.5